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## ***Legislation Aims to Boost Number of Young Ag Producers, Keep More Farmland in Production***

WASHINGTON -- U.S. Rep. Lee Terry (R-Neb.) has introduced legislation that would provide new tax relief as a way to increase the number of beginning farmers and ranchers, while keeping more of the nation's agricultural land in production.

**“The goal here is to help the next generation of farmers and ranchers compete with more established producers and, at the same time, improve the quality of life in rural areas near our growing cities,” Terry said. “Nebraska’s producers and our agricultural land are the foundation of the state’s \$9 billion agriculture industry. Both are worthy investments.”**

Terry's legislation (HR 2978) would provide new capital gains tax relief for the sale of all qualified farm or ranch property. However, greater benefits would be provided to agricultural producers selling their land to first-time farmers and ranchers, and to other buyers who keep the land in agricultural production.

Terry's bipartisan bill -- introduced with Rep. Earl Pomeroy (D-ND) -- has been endorsed by the **Nebraska Farm Bureau**, the **Nebraska Cattlemen**, and **Farm Credit Services of America**. It would create three levels of tax relief for producers:

- 1. Active or recently retired ag producers selling their land to anyone, for any purpose, would receive an automatic 25% reduction of their capital gains taxes.** This provides some tax fairness for farmers and ranchers, since current law allows capital gains tax exclusions for homeowners on the sale of a house, but does not address the needs of ag producers who have most of their equity in land.
- 2. Producers selling their land to someone who keeps the land in agricultural production would receive a 50% reduction in capital gains taxes.** This provides incentives to ensure adequate inventory of farmland at a time when landowners are feeling the pressure from urban sprawl and environmental interests to sell their land for purposes other than agriculture production.
- 3. Producers selling their land to a beginning farmer or rancher would receive a 100% reduction of their capital gains tax rate.** This would help level the playing field for younger producers who must often compete against large, established producers -- as well as developers -- who can offer higher prices for land.

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Terry said the rising age of the American farmer and rancher is a reason for concern. According to the Nebraska Farm Bureau, the number of the state's farmers under the age of 35 has fallen from about 22 percent of all farmers in 1982, to only 11 percent in 1997. Nationally, the average farmer age is about 57, according to the U.S. Department of Agriculture, while the average farmer age in Nebraska is about 55.

Also, USDA statistics show that the amount of U.S. farmland has decreased by about 100 million acres from 1980 to today. For ranchers, rangeland decreased nearly 20 million acres from 1982 to 1997.

The Terry-Pomeroy bill comes just two months after implementation of a new tax law lowering capital gains taxes from a top rate of 20 percent to 15 percent, through 2008. In the Senate, legislation similar to HR 2978 will be introduced in the by Senators Chuck Hagel (R-NE) and Byron Dorgan (D-ND).

**“One of every four Nebraskans depends on agriculture for employment in some way,” Terry said. “Our overall success is tied directly to our food production. We can find reasonable ways to encourage more young people to enter agriculture’s ranks, and to ensure adequate land resources for the future. This plan can play an important part in securing a strong U.S. farm sector.”**

*-- Attached is a summary of Terry's legislation --*